



The State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

Representatives Present During the Inspection:

| | |
|---------|------------------|
| OGM | Priscilla Burton |
| Company | Gregg Galecki |

Inspection Report

| | |
|------------------|------------------------------|
| Permit Number: | C0070005 |
| Inspection Type: | PARTIAL |
| Inspection Date: | Wednesday, October 13, 2010 |
| Start Date/Time: | 10/13/2010 9:00:00 AM |
| End Date/Time: | 10/13/2010 11:30:00 AM |
| Last Inspection: | Thursday, September 09, 2010 |

Inspector: Priscilla Burton

Weather: su, 65

InspectionID Report Number: 2524

Accepted by: jhelfric
11/2/2010

Permittee: **CANYON FUEL COMPANY**

Operator: **CANYON FUEL COMPANY**

Site: **SKYLINE MINE**

Address: **HC 35 BOX 380, HELPER UT 84526**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

| | |
|-----------|------------------------|
| 11,064.00 | Total Permitted |
| 121.97 | Total Disturbed |
| | Phase I |
| | Phase II |
| | Phase III |

Mineral Ownership

- ☒ Federal
- ☒ State
- ☐ County
- ☒ Fee
- ☐ Other

Types of Operations

- ☒ Underground
- ☐ Surface
- ☐ Loadout
- ☐ Processing
- ☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Toured the Winter Quarters construction site with Nelco construction Foreman Scott Seegmiller.

Inspector's Signature:

Priscilla Burton,

Inspector ID Number: 37

Date Wednesday, October 13, 2010

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

| | Evaluated | Not Applicable | Comment | Enforcement |
|--|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 1. Permits, Change, Transfer, Renewal, Sale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Signs and Markers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Topsoil | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.a Hydrologic Balance: Diversions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.b Hydrologic Balance: Sediment Ponds and Impoundments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.c Hydrologic Balance: Other Sediment Control Measures | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.d Hydrologic Balance: Water Monitoring | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.e Hydrologic Balance: Effluent Limitations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Explosives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Disposal of Excess Spoil, Fills, Benches | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Coal Mine Waste, Refuse Piles, Impoundments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Noncoal Waste | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Slides and Other Damage | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Contemporaneous Reclamation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Backfilling And Grading | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. Revegetation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Subsidence Control | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Cessation of Operations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.a Roads: Construction, Maintenance, Surfacing | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 16.b Roads: Drainage Controls | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Other Transportation Facilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Support Facilities, Utility Installations | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 19. AVS Check | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. Air Quality Permit | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Bonding and Insurance | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

3. Topsoil

Almost all of the topsoil has been salvaged and is in position (see Dwg. 3.2.4-3A Sheet 1 and 3.2.4-3C Sheet 3 of 9). The stream is protected from the topsoil by a silt fence. A berm will be constructed to surround the pile within the silt fence after topsoil pile construction is complete, as will the sediment trap shown on Dwg 3.2.4-3F. Seed has been ordered and will be broadcast when topsoil construction is complete. Mr. Galecki indicated that the mix was altered somewhat from that in the MRP due to availability. A copy of the revised seed mix was obtained and is attached to this report. For as-built purposes, Mr. Galecki was asked to verify the slope angle of the topsoil stockpile and provide a final volume of topsoil salvaged from the site.

4.c Hydrologic Balance: Other Sediment Control Measures

A silt fence was installed along the length of the streamside disturbance. Road ditches are roughed in. The sediment pond has been roughed in, but construction of inlet and spillway is not complete (Dwg. 3.2.4-3D & E). Upper road undisturbed culvert is not yet installed (Dwg 3.2.4-3E).

12. Backfilling And Grading

The Winter Quarters pad is under construction. Nelco has a crew of 9 constructing the welded wire, crib wall (Dwg 3.2.4-3F). A grizzly is sorting rock from the cut material. The finer grains are being compacted into a gabion type structure that is 8 feet wide. The welded wire wall is currently eight feet high and will rise another 10 ft or so (Dwg 3.2.4-3B). Each one foot lift is being compacted to 95% density. Nuclear density probes are being used to check the compaction. The foot print of the pad site was surveyed and staked.

16.a Roads: Construction, Maintenance, Surfacing

A maintenance agreement for the paved County road is part of the mine's conditional use permit. The private road beyond County ownership has not been improved. Beginning at the Section 6 line, Winter Quarters road has been improved with culvert installations, and road base and gravel surfacing (Dwg 3.2.11-B-1).

18. Support Facilities, Utility Installations

Location of power line structures are surveyed and marked. Powerline to be constructed by Rocky Mountain Power.

Arch Coal Topsoil Stockpile Mix

| Purity | Mixture Contents | Origin | Germ/Hard |
|--------|-------------------------------|--------|-----------|
| 32.13% | Antelope Bitterbrush, VNS | ID | 71 % |
| 23.04% | Winterfat | UT | 27 % |
| 14.40% | Rydbergs Penstemon, VNS | UT | 36 % |
| 8.74% | Mountain Brome, Garnet | OR | 91 % |
| 5.70% | Bluebunch Wheatgrass, Anatone | WA | 91 % |
| 4.41% | Slender Wheatgrass, Reventue | UT | 94 % |

0.02% Crop

7.13% Inert

0.02% Weed/No Noxious Found

Oldest Test Date: 10/23/2009

Skyline Mine
HC 35 Box 380
Helper, UT 84526
PO #Greg G.
Lot #23432
Net Weight 22.32 Lbs.